

ASSEMBLY BILL

No. 661

Introduced by Assembly Member Beth Gaines

February 21, 2013

An act to amend Section 13405 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 661, as introduced, Beth Gaines. State government: FISMA.

Existing law, the Financial Integrity and State Manager's Accountability Act of 1983 (FISMA), provides that state agency heads are responsible for the establishment and maintenance of a system or systems of internal accounting and administrative control within their agencies, as specified. Existing law requires that state agency heads covered by the FISMA shall, biennially, conduct an internal review and prepare a report on the adequacy of the agency's systems of internal accounting, administrative control, and monitoring practices. Copies of the reports are required to be submitted to the Legislature, the California State Auditor, the Controller, the Treasurer, the Attorney General, the Governor, the director, and to the State Library where the copies are required to be available for public inspection.

This bill would also require the report to be posted on the agency's web site within 5 days of finalization.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 13405 of the Government Code is amended to read:

13405. (a) To ensure that the requirements of this chapter are fully complied with, the head of each state agency that the director determines is covered by this section shall, on a biennial basis but no later than December 31 of each odd-numbered year, conduct an internal review and prepare a report on the adequacy of the agency's systems of internal accounting, administrative control, and monitoring practices in accordance with the guide prepared by the director pursuant to subdivision (d).

(b) The report, including the state agency's response to review recommendations, shall be signed by the head of the agency and addressed to the agency secretary, or the director for agencies without a secretary. Copies of the reports shall be *posted on the agency's web site within five days of finalization*, and submitted to the Legislature, the California State Auditor, the Controller, the Treasurer, the Attorney General, the Governor, the director, and to the State Library where they shall be available for public inspection.

(c) The report shall identify any material inadequacy or material weakness in an agency's systems of internal accounting and administrative control that prevents the head of the agency from stating that the agency's systems comply with this chapter. No later than 30 days after the report is submitted, the agency shall provide to the director a plan and schedule for correcting the identified inadequacies and weaknesses, which shall be updated every six months until all corrections are completed.

(d) The director, in consultation with the State Auditor and the Controller, shall establish, and may modify from time to time as necessary, a system of reporting and a general framework to guide state agencies in conducting internal reviews of their systems of internal accounting and administrative control.

(e) The director, in consultation with the State Auditor and the Controller, shall establish, and may modify from time to time as necessary, a general framework of recommended practices to guide

- 1 state agencies in conducting active, ongoing monitoring of
- 2 processes for internal accounting and administrative control.

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